

FISCAL NOTE

SB 2877 - HB 2726

February 7, 1998

SUMMARY OF BILL: Provides that businesses with a total value of \$5,000 or less to be exempt from the personal property tax.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - \$750,000

Decrease Local Govt. Revenues - \$5,750,000 / Net Impact
Decrease Local Govt. Expenditures - \$140,000

Assumes approximately 70,000 businesses that would be impacted by this exemption, resulting in decreased property tax revenues to local governments of approximately \$10,000,000. Each impacted business would lose the property tax as a credit against the business tax. The resulting increased business tax collections would generate \$5,000,000, of which 15%, or \$750,000 would be forwarded to the state general fund. The net impact to local governments from decreased property tax collections and increased business tax collections is estimated to be \$5,750,000.

It is also estimated that local governments would decrease administrative expenditures by \$2 for each account impacted by this exemption, or \$140,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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